

## CHAPTER NINE: FINDING BUYERS AND SELLING DEALS

### What You'll Learn in This Chapter

1. The characteristics of your best buyers
2. How to recruit buyers for your buyers list
3. The steps to take to sell specific deals quickly
4. How to advertise your deals without running afoul of the division of real estate
5. The due diligence you'll need to do before you sell your deals

Let's consider, for a moment, the inelasticity in the demand for housing.

Whether people are buying or renting, they NEED a place to live.

Yes, when economic times are tough, or financing is hard to get, or inflation drives rents and interest rates up, there is some contraction in the demand for housing, simply because people move in with extended family, or delay moving out of their parents' houses. But over time, given that the population of this country continues to grow, the demand for shelter will continue to grow, as well.

That makes providing housing—whether in the form of “new” old houses for first-time homebuyers, or rentals for families, or lease/options for wannabe homebuyers—a pretty good business to be in, in “good” markets and in “bad.”

Which means that being someone like you, who's in the business of supplying housing providers with product to provide, is also a good business to be in.

Yes, the type of deals your buyer/assignees demand change with the market. The number of potential buyer/assignees for deals changes with the market. Their ability to be “picky” changes with the market.

But assuming that you're in the business of finding and negotiating, really awesome deals, whatever “awesome” means at that moment in time, there will always be people out there who want those deals, if you're willing to do the work to provide the deals, and to find the buyers.

### What a Great Buyer Looks Like

Remember back in the chapter on motivated sellers when we talked about how just because a seller owned a house and “wanted” to sell it didn't mean that he as a seller you could do business with? Well, guess what? Just because a buyer wants investment properties doesn't make him a potential buyer for you.

No matter how “motivated” a buyer may seem, there are certain things he has to have in order to be

a good—or even workable—buyer or assignee for your deal. He must, for instance, have:

- **Cash, or quick access to cash, in quantities large enough to reasonably be expected to close an average deal.** You'd be amazed—AMAZED—at the number of “buyers” who fill out the “How much money can you come up within 10 days for the perfect deal” with a number like \$2,500. And while it's not impossible that I might, on rare occasion, have a property for sale for \$2,500, or for \$2,500 down, my actual buyers have to be able to lay their hands on 10-20x that figure just to CLOSE the typical deal I have for sale—never mind FIX the deal.

This is by far the most important qualification for any buyer. There are a number of good reasons for this:

1. Given the already-low offers you make to sellers, one of the benefits you DO offer is a quick closing. You don't have time to wait for a buyer to qualify for a loan, even if that loan is a sure thing. Also, your contract with the seller has no financing contingency, so your buyer's financing falling apart (or taking too long) doesn't get you—or him—“out” of the contract.
2. Many of the properties you'll wholesale are in such poor condition that most traditional lenders will pass on financing them, even if the buyer is qualified to get a loan.
3. And the best reason of all: **it's nearly impossible in today's lending market to get an assigned deal financed.** Banks want to see contracts between buyers and sellers, NOT contracts between sellers, buyers, and buyers. Don't believe sellers (or their mortgage brokers) when they tell you that this will be no problem—I get calls ten times a year from mentoring students who've heard this song and dance, moved forward as if it were true, and now need me to help them out because the deal fell apart the day before closing when the underwriter finally figured out that the purchase agreement was NOT between his borrower and the owner of the property.

On the other hand, there are any number of ways that your buyers can GET the cash to buy your wholesale deals—and these are all perfectly acceptable, because they don't require bank approval, and therefore don't fall under the seasoning requirements.

Acceptable sources of funds for your deals include:

- Cash from the buyer's own accounts
- Cash from the buyer's self-directed retirement plan
- Cash from a partner or private lender
- A loan from a hard money lender with policies that allow it to finance through assignments (don't just take your buyer's word for it: always talk with the lender yourself to assure yourself that this is the case)
- A line of credit from any lender, as long as it is already in place and is not contingent upon the bank approving YOUR property or YOUR deal

- **Experience.** Your best buyers will be seasoned investors or renovators who can make a buying decision in less than 24 hours. They won't need to spend a week trying to decide if your deal is a good one—they'll give you a yes or no almost right away. And they also won't need endless inspections or want to dicker with you about the price. If it's a good deal, they'll take it. If not, they'll tell you why and let you get on with your life. They tend to have ready access to private lenders, partners, and hard money lenders. And most importantly, as experienced buyers, they won't bite off more than they can chew, mess up the deal, and then blame you.
- **No profit police, please.** A smart, experienced investor also has the wisdom to understand that it's not important how much you make: what's important is how much HE's going to make. While you won't actually tell your buyer which part of the overall price he's paying is yours until he agrees that he likes the full price, you'll occasionally find one who thinks he should get a better deal because you did, or who objects to how much YOU'RE making.

This is a silly attitude for a capitalist investor to have; he wouldn't re-sell a property to a home buyer for a lower-than-market price, or rent at a lower-than-market rent, just because he got a better deal than usual on a property, so why should he expect you to sell to HIM at a lower-than-standard deal just because you negotiated a really great deal with your seller?

On the rare occasions that I run across someone like this, or that a buyer tries to lay down the law on what I'm allowed to earn ("I don't pay wholesalers more than \$5,000, period" was a demand I once heard, and rejected), I simply explain that my pricing doesn't change whether I've made a great deal where I'll earn \$20k or a bad deal where I'll earn \$2k, and that if the buyer isn't satisfied to look at HIS profit on a deal, instead of mine, I'll simply delete him from my buyers list so that we can both be happy.

This wisdom, by the way, also translates into a lack of interest in going behind your back to the seller, and an understanding that if he does, there will be no more good deals from you—or from any of your wholesaler colleagues.

- **Willingness to follow your rules and policies.** As I'll emphasize later, YOU set the policies for your wholesaling business, NOT your buyers. You will, for instance, want all buyers to close at YOUR title company or attorney's office, both because your title person is the one who did the title search and because you've chosen a company that won't screw up your deal by insisting on putting your assignment fee on the closing statement. You'll also want to be paid your entire wholesale fee up front. A buyer who won't comply with these policies needs to find his own deals, or find a wholesaler who doesn't run his business right.

## Who Your Buyers Are

First and foremost, it's crucial to remember once again that **your wholesale buyers are NOT "end users!"** They will never live in the properties that you sell, but will, instead, prepare those properties for use by an end user.

For that reason, your buyers don't look at your deals from the perspective of an occupant, who might be primarily concerned with the color of the carpet, or the size of the bedrooms. Instead, they look at a potential deal not for what it is now, but for what it CAN be, and, more importantly, for how much

money it will make them.

Your buyers are also not all the same in their preferences, their target profits, their exit strategies, or even their thought processes about what makes a “great deal.” A single buyer might exercise different exit strategies on different properties.

Still, there are particular “types” of buyers you’ll run across as you start to network with potential future assignees that can be divided into categories by their exit strategies and psychographics. You’ve got your:

**1. Retailers**, who buy properties to fix and resell. Retailers are willing to do more work to a property than any other buyer, if the deal is right. Because they never intend to hold a property for more than a few months, they’re not attracted to long-term financing; they buy with cash, hard money, private money, or through their IRAs.

Retailers also have the highest repair costs per deal, because they rarely do any of the work that a property needs themselves: they hire contractors, pull permits—the whole 9 yards.

Retailers are also your pickiest buyers. Not only do they want ONLY properties in type 3 and 4 areas, but they also want 3-4 bedroom houses, with at least 2 baths and a garage, on quiet streets in good school systems. Remember, THEIR product is a house that a home buyer is going to love.

**2. White Collar Landlords**, who are people with high-paying jobs and no particular desire to become full-time real estate investors. They buy rentals because they like the tax breaks and the retirement income potential, NOT because they need additional income right now, or because they’re especially in love with real estate per se.

White collar landlords often hire other people to both renovate and manage their properties.

As a result, they aren’t the buyers for your really ugly, nasty borderzone properties; they’re the buyers for your nearly rent-ready borderzone properties, and for bread and butter-area houses.

Because they have jobs, they’re often qualified to refinance properties conventionally once they’re fixed and rented; they buy initially with cash, private loans, partners, and, especially, IRAs.

**3. Blue-Collar Landlords, AKA DIYers.** If you’ve ever wondered who buys—or can even afford to buy—a completely ragged-out rental in a warzone for \$9,900 that needs \$25,000 in work to make it minimally inhabitable, wonder no more.

It’s the DIY landlord, who’s a more colorful and successful character than you might imagine.

DIY landlords typically come from some sort of blue-collar, building trades background, which gives them both the skills to do much of the work themselves, and the connections to salvage materials to do it. That rehab that you estimated at \$25,000 using the rehab estimate spreadsheet I gave you? Your DIY landlord can get the whole job done for 7 grand, and will proudly tell you so. He does all the work himself, or by trading with other specialists, and if he buys materials at all, it’s at the local contractor-

only supply house, or the scrap yard, not Home Depot.

The DIY landlords usually live in the same type 1.5-2 neighborhoods in which they buy properties. Their basic strategy is to acquire any house that they can get for free, or nearly free, or that someone will finance for them. They don't own the nicest rentals in the neighborhood, but they may eventually own a decent number of them, and they make money.

They're your buyers for the houses that don't, strictly speaking, "make sense"—the ones where, according to the formula, you should have asked the seller to give you \$10,000 to take it off his hands, but instead put it under contract for \$1. Assuming that it has a decent foundation, walls, and floors, your DYIer is the one who'll pay \$4,900, or \$6,900 for that property, or \$500 down and \$128/mo for 8 years.

Don't turn your nose up at DIY landlords because they're not especially educated, or wealthy, or sophisticated. These guys are the only people in the market who use skills and energy, rather than huge wads of cash, to turn around awful properties in marginal neighborhoods. Plus, they're great examples of true capitalism at work, and how opportunity still exists in America.

**Let me add that your best buyers are probably NOT the people you know who buy the most properties.** Many new wholesalers get discouraged because the first buyers they approach about their first deals are the super-experienced, full-time investors.

You might find that these "big dogs", and that includes any hedge funds that might be operating in your area, aren't as receptive to your deals as you'd like. They're likely to try to set the rules for you, telling YOU the title company at which they'll close, how much they're willing to give you for having found the deal, rejecting properties over what seem like minor issues.

That's because these buyers don't need you, and therefore don't value you, as much as others. Why? Because they have their own marketing machine to find deals, and as a result, can buy deals at roughly wholesale prices already. They have systems that make it a pain to close with a different title company, or buy properties that don't fit certain narrow parameters, or change their policies about when they pay wholesale fees.

Your best buyers will turn out to be experienced (meaning they've done 3 or 4 deals of the type you're selling them), but generally part-time real estate folks, who DON'T have a way of easily finding deals on their own.

## **Why Your Buyers Buy from You**

One of the most crucial things that you just have to 'get' as a new wholesaler is that you're not going before your potential buyers as a "beggar", hoping that they'll have mercy on you and agree, out of the goodness of their hearts, to pay you a little money and take your deal off your hands.

Instead, you're approaching your buyers with something they really want, and are ANXIOUS to pay for: a great deal on a piece of real estate.

Your buyers don't buy from you for some random reason; they buy from you because you provide them with great deals, that make them lots of money with very little hassle. In other words, they buy from you because it's in their best interest to do so. You provide a service that you're well paid for.

Yes, it's true that you'll run into as many buyers who AREN'T interested in any particular deal you might have, as you will who are. So what? McDonalds sells billions of Big Macs a year and I buy almost none of them. I don't think McDonalds is crying into its coffee that I'm not interested in what they have to offer—instead, they focus on giving the people who love sugar and grease, more sugar and grease.

You should do the same: focus on providing the buyers who are serious, ready, willing, and able to buy from you with the great deals they want, and forget about the rest.

## How to Build Your Buyers list

If you haven't spent much time in the presence of successful real estate investors, you may think that this buyer I'm describing—one who has access to hundreds of thousands of dollars, makes buying decisions in less than 10 minutes, and is honest, experienced, and ethical, is a rarity.

Let me assure you that, while it often seems as if everyone around you at your local real estate association is a newbie too, the reality is it's hard to swing a dead cat without hitting a couple of these experienced, hungry buyers<sup>1</sup>.

At the same time, **building your buyers' list is much more of a one-by-one effort than, say, marketing to buyers.** You might add 1-2 legitimate, qualified buyers to your list per week—a number that would drive you crazy if it represented potential SELLERS.

The goal of building the buyers' list (as opposed to selling a particular deal, which we'll deal with next), is to get qualified buyers to come out of the woodwork and get them onto your buyers list BEFORE you have a deal to offer them. Here are some methods of building a buyers list that have worked very well for me and for my students.

**Attend real estate association meetings—and actually talk to people.** Real estate associations across the country range in size from 30 to 500 people. About 20% of the members of any group are doing 80% of the buying. You'll be able to tell who these people are just by paying attention to what's going on. If you'll let these folks know that you will, from time to time, have properties for sale, or contracts to assign (and can convince them that you aren't some joker who doesn't know how to value a property), they'll give you permission to contact them if you find a deal that meets their criteria.

Nervous about approaching important, busy, sophisticated members of your group? Don't be. They're there for the same reason you are: to network and drum up opportunities. Use all of the people skills you can summon up: stroke their egos. Ask them how they got so successful. Ask them what their favorite kind of deal is, and why. Ask them what areas of town they think are the very best for investing.

On the other hand, do NOT let them bully you, make demands, or take advantage of you. In most

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<sup>1</sup> *Metaphorically, of course. I do not recommend this as a method of recruiting buyers.*

groups, there are a very small number of more advanced investors who try to lay down the law to wholesalers—saying things like, “You can bring me any deal you want, but I only pay \$1000 to wholesalers” or “If you want me to buy your deals, you have to join my \$5,000 mentoring program”<sup>2</sup> or “If you want to sell any deals around HERE, they have to go through me, and I get half the profit.” Unless the person in question happens to own the group, the latter is patently incorrect, no matter how confidently stated. The other two are just examples of jackasses trying to take advantage of newbies.

Be aware that association meetings are a great place to meet and network with potential buyers and assignees, but not great places to get a particular deal sold right away. I can think of maybe a dozen times that I've gotten in front of the room with a property flyer, had someone take it, and sold the deal to that person.

So why do I keep going to the front of the room and talking about specific deals week after week anyway?

For 2 reasons. First, because it lets the members of my group know that I have a consistent flow of great deals, so they think of me when they want to buy, AND so that they come to talk to me during the meeting about what they're looking for and how they might buy it. I HAVE, on MANY occasions, sold particular properties to particular buyers simply by going to my notes and remembering that Bob has \$70,000 in his IRA and wants to retail a deal on the west side of town to increase that number. This sort of networking is the real value of these meetings.

Secondly, on the back of every flyer, I include my buyers list application form. I encourage EVERYONE in the room to take a flyer and fill out the form, which generally nets me an additional 1-2 buyers per meeting.

**Advertise to association members.** An average association draws well under 50% of its members to any given meeting. On the other hand, if it has a newsletter, it mails that newsletter to all of the members, plus recent guests, plus prospective members—often 2-3 times as many people as are actually members. Advertising in these newsletters is unbelievably cheap. Consider running an ad that says:

Your source of great deals at wholesale prices.  
Join our buyers list at [www.YouBuyHouses.com](http://www.YouBuyHouses.com)

**Get a table at real estate-related trade shows.** A big chunk of my buyers list has been generated by appearances at a yearly real estate trade show sponsored by our group. Trade shows tend to draw former members, members who can't attend regular meetings, and advanced members who don't come to regular meetings because they've seen all the speakers before.

I set up a table with photos of great deals we've sold, man it all night, and walk away with dozens of

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<sup>2</sup> *If you hear this, you might want to report it to your group leader; most groups don't allow people to solicit mentoring students from among their members. Some groups offer official mentoring, or do have JV agreements with certain people to do this, but if you're being solicited on the side, or told that you can't have answers without paying money, it's entirely possible that your group leaders don't know about it, and wouldn't approve of it.*

applications from prospective buyers. It's also a great way to get updated information from, and keep yourself in front of, your existing buyers

**Pay attention to the buyers who are advertising to YOU.** It always amazes me that wholesalers will place ads and put up signs to sell deals, but won't call the signs and ads others have placed proclaiming that they buy houses. Call every "I buy houses" bandit sign, ad, and billboard you see! You'll find that a lot of them are wholesalers like you, but some also buy for their own portfolios, or to rehab. These are the ones you're interested in; get their information and add them to your buyers list.

**When the market turns: get aggressive.** When you're in a seller's market, it's easy to neglect putting together and nurturing a real, detailed, in-writing buyers list. You'll live to regret this.

When the market turns, as it did in 2007, you'll find that a lot of your buyers can't or won't buy for various reasons, including losing their credit lines or hard money lenders; taking a wait and see approach to buying as prices drop; losing their jobs; inability to figure out values of properties as the prices drop; and just plain fear.

This happens simultaneously with a really GOOD thing for you: an abundance of deals.

So when buyers drop out of the market and deals flood it, your marketing dollars (and energy) turn from finding sellers, to finding (and keeping and motivating) buyers.

It may take getting creative to dig up new buyers. For instance, in spring 2008, I spent \$9,000 advertising a class and renting meeting rooms at 2 hotels. The purpose of the ad was to draw potential buyers into a ½ day class about buying real estate. Or, rather, a ½ day class about how to buy real estate from ME.

I actually charged for the class—just \$49, to make sure the attendees actually had some money—and offered a 100% moneyback guarantee. The class attracted a total of 97 attendees representing \$2244 in admission fees.

The agenda of the "class" was basically this:

- Here are the best houses to buy in the Tri-State area
- Here are the best areas to buy in
- Here are the banks who are lending (one paid us \$1,000 to sponsor the class)
- Here's what you should be paying
- And oh, by the way, we have deals just like this! Fill out our buyers list form and we'll call you...

The results were interesting—of the 97 people, only 7 were qualified buyers (we sold one of them a house the next week for a \$6,000 profit, thus breaking even on the class almost immediately), but TWO became private lenders (a topic we also touched on, btw). So yes, it was expensive, and a big risk, but it was also effective and paid for itself!

Another approach to building your buyer's list in a buyer's market is to **find out who is buying properties for cash in your city**, despite the market downturn. When the real estate market goes south, the bargain hunters come out of the woodwork, and they're traceable in several ways.

The easiest/cheapest way is to get a local real estate agent to run a report for you of sold properties that sold for cash. This is a keyword in most MLS systems, and literally takes the agent 5 minutes to do. What you'll get is a list of ADDRESSES, not owners—you'll have to cross-check the address in the county website to discover who actually bought it.

In some county property systems, you can look at recent transactions and also tell which were cash purchases.

It does NOT, in my experience, work to try to get these buyers to fill out a form or go to a website to 'join' your list. What does work is to call or mail them to let them know about particular deals that come available that are like the deals they already bought.

Finally, **never let the buyers you turn up while selling particular deals (which we'll talk about in a moment) go to waste.** When you have signs up, Craigslist ads out, and so on, you'll run across buyers who've literally never heard of a real estate association and who you'd never meet otherwise. Many of these won't be worth adding to your buyers' list—they're just looky loos—but some will be great buyers for some other property.

### **Three Things NOT to Do to Build Your List (or Sell a Deal)**

There's some bad information out there in the world about good/fair/legal ways to advertise that you have a deal for sale, or to build your list. We'll deal with the not good/not fair ones first, then the one that might actually cause you legal problems.

**Do NOT build your list by advertising amazing deals that don't actually exist.** Several, um, gurus are out there right now suggesting this technique, which involves using social media, Craigslist, and other free platforms to advertise a deal so spectacularly good that of COURSE any investor who sees it will call; a house in a half-million dollar area for \$120,000, for instance. There is no such deals, of course, and when the suckers call, you tell them it's already sold but you get deals like this all the time and if they want to give you their info, you'll be happy to put them on your list.

This kind of bait-and-switch might work with the kind of buyers you DON'T want (ie newbies who don't see right through your scam), but it will just anger the ones you DO want. That, and it's become so common that most experienced investors don't even bother to call.

A similarly bad practice is to **build your buyer's list using other people's deals, without their permission.** I once ran across one of my mother's properties on Craigslist; when I called to ask her if she was really selling it, she said, "No, a guy came and made me an offer, but I turned it down". I of course contacted "the guy" in question, and informed him that advertising a property he didn't own or have any interest in whatsoever was pretty much the definition of acting as an agent without a license. His response? "Oh, I'm just building my buyers' list."

I've seen other wholesalers do this by advertising real deals, but not THEIR deals.

Do not advertise anything you don't have under contract, even if it's "just" to build your list. It's

legally problematic and it's not honest.

Finally, **don't do any kind of advertising that would tend to imply (at least to the non-initiated) that you find or birddog deals for buyers.** Divisions of Real Estate are very sensitive to these kinds of advertisements, and tend to give little leeway to the explanation, "Well, that's not what I MEANT..."

For example, you'd probably be OK running an ad on Craigslist saying something like<sup>3</sup>

*Great Deals R Us*

*We're Your Best Source for Investment Properties at Wholesale Prices*

*To Join Our VIP Email List, Go to [www.YouBuyHouses.com](http://www.YouBuyHouses.com)*

But NOT an ad that said:

Let us find your next deal! Tell us what you're looking for, and we'll find it for you!

Note that this applies to ALL of your marketing, including marketing that you think is "internal" to some contact list you might find. Any marketing you put out there could become evidence in an investigation against you.

## What You Want to Know About Your Buyers

Your buyers list is the tool that is going to allow you to turn your great deals into cash. You should always be adding to, and refining, your buyers list, until you know before you even make an offer on a particular property, WHO you're likely to sell it to.

Your buyers list is more than a list of names of people who are interested in "good deals." The more you know about your buyers, the better you'll be able to match deal to customer, and the happier your buyers will be, and the more money you'll make. Here are examples of some of the things you'll want to know about each and every buyer:

- **Every way in which you can possibly reach them.** In the first 24 hours after you've gotten a property under contract, you'll want to contact every buyer in every way you can. Finding out you don't have a cell number, or a decent email address is bad news—for you AND for them, when they miss out on a deal that would have been perfect for them
- **What type of properties the buyer is interested in.** This keeps you from wasting a buyer's time with a 3-family if he's only interested in one-family homes. If a buyer indicates that he's interested in big multi-families, or commercial properties, he obviously moves to the bottom of your list.
- **What kinds of work the buyer is willing to do.** Most of your buyers will indicate that they will

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<sup>3</sup> Although to be SURE, you'd have to talk to your State's Division of Real Estate

NOT do structural work—making those who *will* a valuable resource. Many will not want to tackle electrical work, either. Some of your potential buyers won't want to do any work except painting and carpet: there's little you can do for these folks, since the great deals YOU find will generally need more than that.

- **Areas where they do and do not want to purchase properties.** If you find, as we did, some areas of your city where you have no buyers at all, it's probably a good idea to avoid making a lot of offers in those areas. On the other hand, if certain neighborhoods seem very “hot”, you might concentrate some signs and flyers in that area.
- **Their preferred AFTER-REPAIRED price range.** This is not what they want to pay, but rather the price range they want their properties to be in, after they are repaired.
- **How they calculate a “good deal.”** Most of your buyers will use some variation of the ARV x .7 - repairs formula, but some will surprise you with a minimum cash profit, or even a cash flow goal.
- **What their exit strategies are.** As you get more familiar with the real estate market, you'll recognize that some properties are more suited to certain exit strategies than others. For instance, a huge old mansion that's run down but still has all its architectural detail intact would be of more interest to a renovator than a landlord. Anyone who answers only “wholesale” should be eliminated from your list.
- **How much cash, or access to cash, they have.** Word the question like this: how much could you pay for a great deal if you had to close in 10 days or less?
- **Any other important facts that you might need to know.** Like minimum number of bedrooms, or that they're only looking for slab ranches, or won't buy a house on a hill.

## The Care and Maintenance of Your Buyers list

Since your ultimate profit in any wholesale transaction depends in large part on whether your buyer performs fully, promptly, and without dithering over every little thing, I suggest that you have a conversation with every person that applies to be on your list.

The point of this conversation is to find out whether your potential buyer is ready, willing, and able to buy from you when the time comes. Go over all the questions on your application again, confirming all the answers.

Also ask your buyer:

- **If he understands that you will be selling him the right to buy a property you have under contract.** After you've shown a property to a buyer is NOT the time for him to “discover” that you don't own it.
- **If he understands that your assignment fee is paid at the time of assignment, not at or after**

**the closing.** If he's dealt with other wholesalers who don't have this very-smart policy, he might be surprised—or even offended—when you tell him it's yours. Doing so BEFORE he's panting over one of your deals gives you the opportunity to explain the reason for the policy, and the protections that are in place for him—and you the opportunity to delete him from your list if he refuses to abide by it.

Maintain your buyers list religiously, adding to it all the time, taking off people who don't perform for you, making changes and notes as necessary.

And keep in contact with your buyers, calling from time to time just to say that you're still looking for a property for them.

If you'd like to go the extra mile and really, really endear yourself to your buyers, try a little trick my partner and I have been using for several years: hold an annual party for everyone on your list. Don't skimp on the food, drinks, or entertainment—and think about giving away prizes, too.

Each year, we give away a 1-week Caribbean cruise for 2 people. In order to be eligible to win the cruise—which costs us about \$2,000, or about 1/3<sup>rd</sup> of the profit from 1 deal—you must have purchased a property from us during the previous 12 months. Each property you buy gets you one entry. Although this costs us relatively little, it's a big deal that our buyers look forward to every year.

One final tip about your buyers list, before we move on to preparing for the buyer: it's better to have a short list of buyers who can buy many properties from you than a long list of buyers who will only buy one each. Don't try to sell a property to a new buyer until you've offered it to people who've bought from you before—starting with the person who bought the last deal. “Reward” your best buyers by offering them the best deals; worry about the others on your list only when your regular buyers don't come through for you.

**Buyers list Application**

Name \_\_\_\_\_

Phone (day) \_\_\_\_\_

(eve) \_\_\_\_\_ (fax) \_\_\_\_\_ (cell) \_\_\_\_\_

Mailing Address \_\_\_\_\_

What kind of property are you interested in? (check ALL that apply)

- Single family
- Two family
- Three family
- Four family
- 4-8 family
- 8-12 family
- 12 or larger
- Other \_\_\_\_\_

What kind of work are you willing to do? (Check all that apply)

- Structural (foundations, serious joist and beam repair)
- Mechanical (heating, cooling, electrical, plumbing, roofing, gutters, cement work)
- Cosmetic (paint, carpet, kitchens, baths, floor covering)

Please list any areas where you would NOT consider purchasing a property:

\_\_\_\_\_

Please list any areas that you want to LIMIT YOURSELF to:

\_\_\_\_\_

**What is your minimum and maximum desired AFTER REPAIRED VALUE for properties?**

\$ \_\_\_\_\_ - \$ \_\_\_\_\_.

**How do you calculate what you will pay for a property?** (i.e. x% of after repaired value less repairs, or you must make a minimum of \$x after repairs are made, or it will cash flow \$x per month after all expenses etc.) \_\_\_\_\_.

**What are your EXIT STRATEGIES?** (i.e. wholesale, fix and flip, lease/option, rent)

\_\_\_\_\_

**What is the most you could pay for a property if you had to close in 10 days or less?**

\_\_\_\_\_

**What else should we know about your plans, your situation, or yourself?**

\_\_\_\_\_

Fax this application to XXX-XXXX or Email to \*\*\*\*\*

Youbuyhouses.com Buyers list Form (long form)

*Youbuyhouses.com is a wholesaler of investment properties. We work exclusively with buyers in our database, offering deals to individuals based on their preferred areas, property types, and ability to close. If you would like to be added to our database, please take a few minutes to fill out this application. All of the information here is strictly confidential and will not be distributed to anyone outside of our office without your permission.*

**PLEASE FILL OUT COMPLETELY**

(We cannot add you to our buyers list unless EVERY SINGLE LINE IS FILLED OUT. Really)

Name \_\_\_\_\_ Phone (day) \_\_\_\_\_  
 Mailing Address \_\_\_\_\_ (eve) \_\_\_\_\_  
 \_\_\_\_\_ (fax) \_\_\_\_\_  
 \_\_\_\_\_ (cell) \_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

**What kind of property are you interested in?? (check ALL that apply)**

Single family  Three family  4-8 family  12 or larger   
 Two family  Four family  8-12 family  Other \_\_\_\_\_

**What kind of work are you willing to do? (Check all that apply)**

- Structural (foundations, serious joist and beam repair)
- Mechanical (heating, cooling, electrical, plumbing, roofing, gutters, cement work)
- Cosmetic (paint, carpet, kitchens, baths, floor covering)

**In which neighborhoods are you interested in buying properties? (Check ALL that apply)**

- |  |   |  |   |
|--|---|--|---|
| <input type="checkbox"/> Addyston            | <input type="checkbox"/> Corryville       | <input type="checkbox"/> Ft. Thomas      | <input type="checkbox"/> Newport, KY    |
| <input type="checkbox"/> Alexandria, KY      | <input type="checkbox"/> Covedale         | <input type="checkbox"/> Golf Manor      | <input type="checkbox"/> Newtown        |
| <input type="checkbox"/> Amelia              | <input type="checkbox"/> Covington, KY    | <input type="checkbox"/> Goshen          | <input type="checkbox"/> Northside      |
| <input type="checkbox"/> Anderson Township   | <input type="checkbox"/> Cumminsville     | <input type="checkbox"/> Hamilton        | <input type="checkbox"/> Norwood        |
| <input type="checkbox"/> Arlington Heights   | <input type="checkbox"/> Deer Park        | <input type="checkbox"/> Hartwell        | <input type="checkbox"/> Oakley         |
| <input type="checkbox"/> Avondale            | <input type="checkbox"/> Delhi            | <input type="checkbox"/> Hyde Park       | <input type="checkbox"/> Pleasant Ridge |
| <input type="checkbox"/> Batavia             | <input type="checkbox"/> Downtown         | <input type="checkbox"/> Kennedy Heights | <input type="checkbox"/> Price Hill     |
| <input type="checkbox"/> Bellevue, KY        | <input type="checkbox"/> East End         | <input type="checkbox"/> Kenwood         | <input type="checkbox"/> Reading        |
| <input type="checkbox"/> Bethel              | <input type="checkbox"/> Elmwood Place    | <input type="checkbox"/> Lincoln Heights | <input type="checkbox"/> Roselawn       |
| <input type="checkbox"/> Blue Ash            | <input type="checkbox"/> Elsmere, KY      | <input type="checkbox"/> Lockland        | <input type="checkbox"/> Saylor Park    |
| <input type="checkbox"/> Bond Hill           | <input type="checkbox"/> Erlanger, KY     | <input type="checkbox"/> Loveland        | <input type="checkbox"/> Sedamsville    |
| <input type="checkbox"/> Bridgetown          | <input type="checkbox"/> Evanston         | <input type="checkbox"/> Ludlow, KY      | <input type="checkbox"/> Sharonville    |
| <input type="checkbox"/> Camp Washington     | <input type="checkbox"/> Evendale         | <input type="checkbox"/> Madison Place   | <input type="checkbox"/> Silverton      |
| <input type="checkbox"/> Carthage            | <input type="checkbox"/> Fairfax          | <input type="checkbox"/> Madisonville    | <input type="checkbox"/> Walnut Hills   |
| <input type="checkbox"/> Cherry Grove        | <input type="checkbox"/> Fairfield        | <input type="checkbox"/> Milford         | <input type="checkbox"/> West Chester   |
| <input type="checkbox"/> Cheviot             | <input type="checkbox"/> Fairmount, North | <input type="checkbox"/> Moscow          | <input type="checkbox"/> Westwood       |
| <input type="checkbox"/> Cleves              | <input type="checkbox"/> Fairmount, South | <input type="checkbox"/> Mt. Airy        | <input type="checkbox"/> Winton Place   |
| <input type="checkbox"/> Clifton             | <input type="checkbox"/> Felicity         | <input type="checkbox"/> Mt. Auburn      | <input type="checkbox"/> Williamsburg   |
| <input type="checkbox"/> College Hill        | <input type="checkbox"/> Finneytown       | <input type="checkbox"/> Mt. Caramel     | <input type="checkbox"/> Withamsville   |
| <input type="checkbox"/> College Hill, North | <input type="checkbox"/> Florence, KY     | <input type="checkbox"/> Mt. Healthy     | Other                                   |
| <input type="checkbox"/> Colerain            | <input type="checkbox"/> Forest Park      | <input type="checkbox"/> Mt. Washington  |   |
| <input type="checkbox"/> Columbia/Tusculum   | <input type="checkbox"/> Ft. Mitchell     | <input type="checkbox"/> New Richmond    |   |

**What is your minimum and maximum desired AFTER REPAIRED VALUE for properties? (Not**

what you want to PAY, but what you want the properties to be WORTH)

\$\_\_\_\_\_ - \$\_\_\_\_\_.

**How do you calculate what you will pay for a property?** (i.e. x% of after repaired value less repairs, or you must make a minimum \$x after repairs are made, or it will cash flow \$x per month after all expenses etc.) \_\_\_\_\_

**What are your EXIT STRATEGIES?** (Check all that apply)

- Wholesale                       Fix and Sell  
 Rent                                 Lease/Option  
 Sell with owner financing    Other

**If we brought you the perfect deal, how much CASH could you come up with to close in 10 days or less?** \$ \_\_\_\_\_

**Are you pre-qualified for a mortgage loan?**             Yes  No

**If yes, are have you actually closed a loan with this lender?**  Yes  No

**If Yes, how much can you borrow in 3 weeks or less?**    \$ \_\_\_\_\_.

**How many properties have you purchased in the LAST 12 months?** \_\_\_\_\_.

**How many properties do you plan to buy in the NEXT 12 months?** \_\_\_\_\_.

**What else should we know about your plans, your situation, or yourself?**

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**Fax to \*\*\*\*\* or mail to P.O. Box 58279, Cincinnati, Ohio 45258**

**Or fill out online at [youbuyhouses.com](http://youbuyhouses.com)**

**Call 471-5008 for more information**

**We Have 3 Rules In Our Wholesaling Business:**

1. We will never offer a deal that we wouldn't buy ourselves;
2. We will never fudge the facts to make a deal;
3. We will never sell you a deal that's not good for YOU, based on your experience, resources, and exit strategies

**We give 10% of our wholesale profits to charity!**

*This is not a solicitation to represent buyers. YouBuyHouses.com is a website owned by Vena Jones-Cox, a licensed agent who acts as a principle in these transactions. Never make any investment without consulting your own legal, accounting, or other professional.*

## How to Sell a Deal

Building a buyers list is a great thing to do, and will be an ongoing task during your wholesaling career. A good buyers list will generate most of the assignments and sales you make in your lifetime.

But at the same time, you'll want to advertise deals you have under contract to a wider audience, both to make sure they get the maximum possible exposure, and because the contacts you get as a result can help grow your buyers list.

As soon as you have a deal under contract, you should start on a series of activities with the goal of getting the contract assigned—or the property sold, if you plan to close it first—as quickly as possible.

We interrupt this money-making information for an important bureaucratic/regulatory announcement: one of the “facts and circumstances” that some State Divisions of Real Estate point to when claiming that wholesalers assigning contracts are doing so “For Another” is the wording of marketing for such deals.

In particular, they point to wholesalers who advertise that they have “a house for sale” when in fact what they have is a purchase contract available for assignment.

For this reason, some attorneys familiar with these cases recommend that ALL marketing, including but not limited to website posts, emails to buyers lists, Craigslist ads, written materials, and social media posts, contain language SPECIFYING that a contract is being assigned, and that it is NOT property itself being sold. Back our regularly scheduled pro-capitalist programming.

Step one should be to get clear, detailed photos of the interior and exterior of the property—or better yet, a video walk-through—so that you can give potential buyers/assignees a clear picture of what you're dealing with even before they physically see the property. You can post the video on your YouTube account or your website, and link it to any emails or ads you use to sell the deal.

Step two should be to create an email, or series of emails, to your buyers list with a compelling subject line (like Who Wants \$40,000 in Equity?, or Big Cash Flow on This One!, **not** “I'm assigning my contract on a property in Walnut Hills), a brief description of the property, the benefits to AN INVESTOR of buying it, a summary of the work needed, and the price, along with instructions about how the potential buyer/assignee can set an appointment to get in.

Step three should be to go through your buyers list, pick out all the people who have SPECIFIED that they want this type of property in this kind of neighborhood in this kind of condition, and call AND TEXT those buyers about the deal. It works better to leave a message that says, “John, I think I have your perfect deal, call me” than it does to leave a 10 minute voicemail with an exhaustive description of what you're selling.

Then, you'll probably want to post your deal on your own website<sup>4</sup> (see [www.YouBuyHouses.com](http://www.YouBuyHouses.com) for an example), and the various free, public websites. Using a program like Postlets, you can propagate a single ad to Craigslist, Zillow, Hotpads, and half a dozen other sites.

**Don't post the exact street address**, as you want potential buyers to have to contact you so that you can get details about them and what they buy before getting they get the property information. If you post the address, buyers will mean to drive by the property before calling you; chances are, they'll forget, and you'll lose them. Or, they'll drive by, not like that particular house, and never call you about what they DO like.

A sample ad might say:

Easy Street, Westwood, crazy cash flow

If you can do some moderate repairs and upgrades, this rental will cash flow big time. It's a highly desirable 4 bedroom, should rent for \$800-\$850 when rent-ready.

Here are the numbers:

Estimated after-repaired value \$60,000

Repairs needed:

Paint interior

Carpet 2 rooms

Replace stolen plumbing in basement

Replace countertop

Replace vanity and medicine cabinet in bath

New gutters

Asking \$16,000—roughly 60% of after-repaired value including repair costs!

If you're a serious, cash buyer this is a seriously awesome deal. Call for address and access—Vena 555-555-5555

I am assigning my rights in a purchase contract on this property

Finally, you should have a “template” flyer that you use to bring deals to your real estate association, Meetup groups, and so on, that's also part of your automatic marketing system. I've included an example at the end of this chapter; the important thing is that you include the benefits to an investor-buyer (equity, cash flow, profit); the general condition and price; and, of course, your contact information.

Another thing that works well for selling properties is those **hand-written bandit signs** you sometimes

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<sup>4</sup> *If you're going to create or buy a website for advertising your deals, PLEASE make sure it's separate from the one you use to BUY deals. It's nearly impossible to create marketing that appeals to both kinds of customers at once, and it's confusing for sellers to go to a site and see that you're advertising properties for sale. URLs are cheap, and so is site development, so spend some extra money and get 2 sites, not 1.*

see on telephone poles or in right-of-ways that say something like:

Handyperson's Special  
Delhi, 3 Beds, NEEDS WORK  
\$91,000  
555-5555

As I stated in the marketing chapter, these signs are against some code or another almost everywhere, but for whatever reason the SELLING signs (like the one above) are more tolerated than the "I buy houses" signs you often see,

When we use these, we try to hang about 20 signs within about 1 mile of the property, at busy intersections.

## Preparing the Deal for the Buyer: Your Due Diligence

The process of finding buyers starts as soon as you decide to wholesale properties; but there's one more set of steps to take between putting a deal under contract and marketing it to buyers.

Remember, part of your job as a wholesaler is to **create deals that are so good and so easy for your buyer that they're basically "no-brainers."** The time you take in preparing some basic information for your buyer will go a long way in accomplishing this goal. The more of this work you take care of, the more sure YOU'LL be that you're offering a great deal; the more convinced the BUYER will be that you're offering a great deal; and the faster you'll get to the closing and get paid. These things will all have to be done one way or another but, if you leave it up to your buyer to complete them, you may not be happy with his timetable for getting finished. Do them yourself and know that they're done right.

Here are the things you should prepare for buyers:

- **A title search showing that the title will be clear at closing.** "Clear title" means a title without flaws or liens. Whether a title is 'clear' is determined by a title abstractor, who's trained to look for an unbroken chain of title in the public record.

It's important to note that most of the properties you put under contract WILL have liens of some sort against them—mortgages, overdue taxes, judgements, utility liens, and so on. These will be paid off from the seller's proceeds at the closing. If you've offered too little to cover all the liens, the seller will have to make up the difference in cash.

The title search is ordered from your closing agent or attorney, and paid for at the closing by either the buyer or the seller, depending on what the purchase contract says. A title search should not take more than 4 business days under normal circumstances. End of month or end of year searches sometimes take longer because it's a busy time for title agencies, but if it's consistently taking your title company longer, find a new company.

**It's fine to begin marketing and showing a property to prospective buyers prior to the return of**

**the title search, but don't take any money until the title comes back clear.**

Remember, your best sellers have complicated lives, so in many, many cases you'll find out that the property has title flaws other than liens. These can range from improperly drafted deeds to old contracts for deed or mortgages that were paid off, but never released.

While this is the SELLER'S responsibility to fix (or to foot the bill for having it fixed), these things can take weeks or months to straighten out, which is why you shouldn't accept a wholesale fee prior to making sure that the title will be clear at closing. It's your responsibility to deliver a ready, willing, and able seller to a closing; when you find that your seller isn't able to sell, you need to return any assignment fee you've received. It's better just not to collect it in the first place, until the title search is back.

Incidentally, the title agent or attorney is far and away the most important member of your "outside team." When these complications arise, the title company should have specific recommendations for how to proceed to make the title clear—and, if the seller can and will pay for it, should be willing to take the lead on doing that work. If a title agent or attorney informs you that, for instance, there's an old, unreleased mortgage on the property held by a bank that went out of business during the great recession, and then throws it into your lap to find the successor bank and get a release, it might be time to find a new title company.

Again, it's the seller's responsibility to solve title issues, but it's extremely unlikely he'll have the time or expertise to get the documents a title company wants in order to do that. A good title company can and will, for the right price, do this work on behalf of the seller.

- **A detailed list of the comparable properties you used to determine value (or your appraisal).** Actual printouts from comparable properties services and/or MLS are best. This shows the buyer what your thinking was in setting your price. Don't bother trying to "prove" that the ARV is higher than your actual estimate: experienced investors have a feel for the market AND their own access to comparable properties databases, and you'll just come off looking like a fool. As a matter of fact, we ENCOURAGE all of our buyers to run their own comparison, so that no one can accuse us of artificially inflating the value, or of "guaranteeing" a particular ARV.
- **A list of the repairs you think the property needs, with your estimate of costs.** Generally, a potential buyer or assignee will want to know 4 numbers before considering whether to take the time to look at a property: the ARV, the repairs costs, the potential rent, and the asking price. Detailing the repair costs isn't necessary, but giving a range of costs ("Needs \$12,000-\$15,000 in work") and a list of the repairs needed is. Your buyers will, of course, do their own evaluation before actually buying.
- **Due diligence on non-title issues** Title searches do not look for code violations, building orders, or overdue or unpaid utility bills. You should, and if you find any they need to be disclosed to the buyer in writing, and with any relevant documentation.
- **Copies of documents from the seller required by the government or for the closing,** including the purchase contract, lead disclosure, seller disclosure, and any other documents relating to the

property. Do NOT hand these over to “lookers!” Give them only to the buyer who’s ready to sign the assignment agreement.

- **A purchase agreement for assignment and assignment agreement, and a “big boy disclosure”**, explained in the next chapter.

Found a buyer? Great...let’s get to the closing.

**HEY, HANDYPEOPLE:**

## **Northside Redevelopment Opportunity!**

Rehab and Sell, Rehab and Rent, or Tear Down and Build New!

### **1312 & 1314 Boyd Street.**



- 5 rm 3 br and 5 rm 2 br houses
- Both have full basements
- 1314 has a driveway
- Combined lot size 50 x 125
- Vacant lots next door being redeveloped
- 1314 is currently rented at \$750
- 1312 just went vacant, was rented at \$695

For a private showing  
call or text

**Drew (513) 207-9846**

### **Rehab or Tear Down and Build New...**

- Need updating for rental or complete reno for resale
- See back of flyer for comps...

### **Cash Price:**

**\$157,900 for both**

**Owner will finance at a higher price to a strong borrower with significant down payment and rehab experience**

**Ask Us How to Use Your 401K or IRA to Buy or Partner on This Property!**

Owner is an entity owned by a licensed real estate broker in the state of Ohio. This is NOT an offer of agency and owners are representing themselves as principals in this transaction. All information believed to be accurate but is not guaranteed. You should confirm all information, values, and costs through your own sources.

**Others Available at [YouBuyHouses.Com](http://YouBuyHouses.Com)**

# Just Look at these Comps...

All comparables are within .3 miles, sold last 12 months, within 200 square feet +/- that of the subject property. All information is believed to be accurate but not guaranteed



**4214 Fergus**  
**Construction:** Frame  
**Rms/Beds/Baths:** 5/2/1.5  
**Sq ft:** 1207  
**Sale price:** \$169,900     **DOM:** 4  
**Sale Date:** 8/2/17



**1413 Chase**  
**Construction:** Painted brick  
**Rms/Beds/Baths:** 5/2/1.5  
**Sq ft:** 1272  
**Sale price:** \$154,694     **DOM:** 1  
**Sale Date:** 8/29/17



**4121 Fergus**  
**Construction:** not even built yet  
**Rms/Beds/Baths:** 7/3/2.5  
**Sq ft:** ??  
**Sale price:** \$334,800  
**Sale Date:** 12/17



**1402 Ludlow**  
**Construction:** painted brick  
**Rms/Beds/Baths:** 6/3/2.5  
**Sq ft:** 1216  
**Sale price:** \$259,900  
**Sale Date:** ACTIVE LISTING